

## Senate Joint Resolution 1 - Introduced

SENATE JOINT RESOLUTION 1  
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### SENATE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution  
2 of the State of Iowa relating to the state budget by  
3 creating a state general fund expenditure limitation.  
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. The following amendment to the Constitution of  
2 the State of Iowa is proposed:

3 The Constitution of the State of Iowa is amended by adding  
4 the following new section to a new Article:

5 ARTICLE \_\_\_\_.

6 EXPENDITURE LIMITATION.

7 **General fund expenditure limitation.** SECTION 1.

8 1. For the purposes of this section:

9 *a. "Adjusted revenue estimate"* means the most recent revenue  
10 estimate determined before January 1, or a later and lower  
11 revenue estimate determined before adjournment of the regular  
12 session of the general assembly, for the general fund for the  
13 following fiscal year, as determined by a revenue estimating  
14 conference, adjusted by subtracting estimated refunds payable  
15 from that estimated revenue. However, if the state general  
16 fund expenditure limitation is calculated based upon the  
17 adjusted revenue estimate and not based upon the net revenue  
18 estimate and the general assembly holds an extraordinary  
19 session prior to the commencement of the fiscal year to which  
20 the adjusted revenue estimate applies and if before or during  
21 the extraordinary session the revenue estimating conference  
22 determines a lower revenue estimate, the lower estimate shall  
23 be used for calculating the adjusted revenue estimate.

24 *b. "Current fiscal year"* means the fiscal year preceding  
25 the fiscal year to which the state general fund expenditure  
26 limitation applies.

27 *c. "General fund"* means the principal operating fund of the  
28 state.

29 *d. "Net revenue estimate"* means the most recent revenue  
30 estimate determined before January 1, or a later and lower  
31 estimate determined before adjournment of the regular  
32 session of the general assembly, for the general fund  
33 for the current fiscal year, as determined by the revenue  
34 estimating conference, and adjusted by subtracting estimated  
35 refunds payable from that estimated revenue. However, if

1 the state general fund expenditure limitation is calculated  
2 based upon the net revenue estimate and not based upon the  
3 adjusted revenue estimate and the general assembly holds an  
4 extraordinary session prior to the completion of the fiscal  
5 year to which the net revenue estimate applies and if before  
6 or during the extraordinary session the revenue estimating  
7 conference determines a lower revenue estimate for the current  
8 fiscal year, the lower estimate shall be used for calculating  
9 the net revenue estimate for the general fund.

10 *e.* "New revenue" means moneys received by the general fund  
11 due to increased tax rates or fees or newly created taxes or  
12 fees over and above those moneys received by the general fund  
13 due to state taxes or fees in effect as of January 1 following  
14 the most recent meeting of the revenue estimating conference.  
15 "New revenue" also includes moneys received by the general fund  
16 due to new transfers to the general fund over and above those  
17 moneys received by the general fund due to transfers in effect  
18 as of January 1 following the most recent meeting of the state  
19 revenue estimating conference. Except for transfers provided  
20 for by law, the revenue estimating conference shall determine  
21 whether transfers to the general fund are to be considered as  
22 new revenue in determining the state general fund expenditure  
23 limitation.

24 2. A state general fund expenditure limitation is created,  
25 as calculated in subsection 3, for each fiscal year beginning  
26 on or after July 1 following ratification by the voters of this  
27 amendment to the Constitution of the State of Iowa.

28 3. The state general fund expenditure limitation for a  
29 fiscal year shall be the lesser of the following amounts:

30 *a.* Ninety-nine percent of the adjusted revenue estimate for  
31 the following fiscal year for the general fund.

32 *b.* One hundred four percent of the current fiscal year net  
33 revenue estimate for the general fund.

34 4. The state general fund expenditure limitation shall be  
35 used by the governor in the preparation and approval of the

1 budget and by the general assembly in the budget process.

2 5. If a new revenue source is proposed, the budget revenue  
3 projection used for that new revenue source for the period  
4 beginning on the effective date of the new revenue source and  
5 ending in the fiscal year in which that source is included in  
6 the adjusted revenue estimate or the net revenue estimate,  
7 as applicable, shall be ninety-five percent of the amount  
8 remaining after subtracting estimated refunds payable from  
9 the projected revenue from that source. If a new revenue  
10 source is established and implemented, the state general fund  
11 expenditure limitation amount calculated in subsection 3 shall  
12 be recalculated to include ninety-five percent of the estimated  
13 revenue from that source that is attributed to the revenue  
14 estimate used to calculate the limitation amount.

15 6. The scope of the state general fund expenditure  
16 limitation calculated in accordance with this section shall not  
17 include federal funds, donations, constitutionally dedicated  
18 moneys, and moneys expended from a state retirement system.

19 7. The governor shall submit and the general assembly shall  
20 pass a budget which does not exceed the state general fund  
21 expenditure limitation. The governor shall not approve or  
22 disapprove appropriation bills or items of appropriation bills  
23 passed by the general assembly in a manner that would cause  
24 the final budget approved by the governor to exceed the state  
25 general fund expenditure limitation.

26 8. The governor shall not submit and the general assembly  
27 shall not pass a budget which in order to balance assumes  
28 reversion of any part of the total of the appropriations  
29 included in the budget.

30 9. The state shall use consistent standards, in accordance  
31 with generally accepted accounting principles, for all state  
32 budgeting and accounting purposes.

33 10. The general assembly shall establish by law a general  
34 fund of the state and a revenue estimating conference. The  
35 general assembly shall enact laws to implement this section.

1     Sec. 2. REFERRAL AND PUBLICATION. The foregoing amendment  
2 to the Constitution of the State of Iowa is referred to the  
3 general assembly to be chosen at the next general election  
4 for members of the general assembly, and the secretary of  
5 state is directed to cause the same to be published for three  
6 consecutive months previous to the date of that election as  
7 provided by law.

8

EXPLANATION

9             The inclusion of this explanation does not constitute agreement with  
10            the explanation's substance by the members of the general assembly.

11     This resolution proposes an amendment establishing a new  
12 Article to the Constitution of the State of Iowa that relates  
13 to state budgets and state revenue.

14     The amendment creates a state general fund expenditure  
15 limitation. The amount of the limitation is the lesser of  
16 99 percent of the adjusted revenue estimate for the general  
17 fund of the state for the following fiscal year or 104 percent  
18 of the net revenue estimate for the general fund for the  
19 current fiscal year. The amendment defines adjusted revenue  
20 estimate and net revenue estimate and requires that the  
21 estimates be determined by a revenue estimating conference  
22 which is to be created by the general assembly by law. The  
23 expenditure limitation is required to be used by the governor  
24 in preparation of the governor's budget and by the general  
25 assembly in the budget process. The governor is prohibited  
26 from approving or disapproving of appropriations in a manner  
27 that would cause the final budget approved by the governor to  
28 exceed the expenditure limitation.

29     If a new revenue source is established and implemented, 95  
30 percent of the estimate of that new revenue shall be included  
31 in the revenue estimate used to calculate the expenditure  
32 limitation.

33     The amendment also requires the state to use generally  
34 accepted accounting principles for state budgeting and  
35 accounting purposes. The amendment provides that the general

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1 assembly shall enact laws to implement the amendment.

2 The joint resolution, if adopted, will be referred to the  
3 next general assembly for adoption a second time in identical  
4 form before being submitted to the electorate for ratification.